

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00

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INFO AMEMBASSY BONN

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR OCON EEC

SUBJECT: EC COUNCIL OF MINISTERS (AGRICULTURAL) MEETING,
NOV 19-21

REF: (A) EC A-409; (B) EC BRUSSELS 6109

1. SUMMARY. ON NOVEMBER 19-21 THE EC COUNCIL OF MINISTERS (AGRIC-
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ULTURAL) HELD A PROTRACTED MEETING DURING WHICH THE DRAFT DIREC-

TIVE ON HILL FARMING WAS APPROVED IN PRINCIPLE. THE COUNCIL ALSO ESTABLISHED THE 1973/74 MARKET TARGET PRICE FOR OLIVE OIL; HELD A FIRST DISCUSSION ON THE COMMISSION'S MEMORANDUM CONCERNING THE "IMPROVEMENT OF THE CAP"; CHANGED FROM DECEMBER 1 TO AN INDEFINITE DATE THE DEADLINE FOR THE ESTABLISHMENT OF A CAP FOR ALCOHOL; REVIEWED THE SITUATION IN THE WINE SECTOR; ADOPTED A REGULATION ON MEASURES AUTHORIZING THE NETHERLANDS TO GRANT AID TO DUTCH FARMERS FOLLOWING THE REVALUATION OF THE DUTCH GUILDER; AND TOOK A NUMBER OF MISCELLANEOUS DECISIONS. THE NEXT MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS IS SCHEDULED FOR DECEMBER 10-11 END SUMMARY.

2. HILL FARMING: FOLLOWING LENGTHY DISCUSSIONS, THE COUNCIL APPROVED THE MAIN ASPECT OF THE DIRECTIVE ON " MOUNTAIN AND HILL FARMING IN CERTAIN LESS DEVELOPED AREAS ". THE DIRECTIVE WHICH IS A MODIFIED VERSION OF THE ORIGINAL COMMISSION PROPOSAL PROVIDES INTER ALIA THAT MEMBER STATES BE AUTHORIZED TO GRANT SPECIAL AID INTENDED TO ENCOURAGE FARMING IN CERTAIN LESS-FAVORED AREAS OF THE COMMUNITY. THE AGREEMENT REACHED BY THE COUNCIL COVERS THE CRITERIAL WHICH HAVE TO BE MET BY THE REGIONS ELIGIBLE FOR SPECIAL AID. HOWEVER, THE COUNCIL HAS NOT YET AGREED ON DELINEATING THE COMMUNITY REGIONS WHICH COULD ACTUALLY BENEFIT FROM SUCH AID.

3. OLIVE OIL: THE COUNCIL AGREED TO FIX THE 1973/74 MARKET TARGET PRICE FOR OLIVE OIL AT 95 U.A./100 KGS. THE LEVEL OF THIS TARGET PRICE DETERMINES THE DEFICIENCY PAYMENTS FOR OLIVE GROWERS. THE COUNCIL ALSO DECIDED TO ESTABLISH BUFFER STOCKS FOR OLIVE OIL WHICH COULD BE AS HIGH AS 75,000 TONS.

4. CAP REVISIONS: THE COMMISSION'S MEMORANDUM ON "THE IMPROVEMENT OF THE CAP" (REF A) WAS THE SUBJECT OF A FIRST EXCHANGE OF VIEWS DURING WHICH EACH MINISTER EXPRESSED HIS INITIAL REACTION TO THE COMMISSION'S SUGGESTIONS. THE MINISTERS GENERALLY AGREED THAT THE PRINCIPLES OF THE CAP SHOULD NOT BE CHANGED, BUT THAT IT WAS TIMELY AND PROPER TO REVIEW THE OPERATIONS OF THE CAP. IT WAS GENERALLY AGREED THAT THE COUNCIL SHOULD EXAMINE SOME OF THE MECHANISMS OF THE MECHANISMS OF THE CAP IN ORDER TO ADAPT THEM TO CHANGES IN THE SITUATION WHICH HAVE TAKEN PLACE BOTH INSIDE AND OUTSIDE THE COMMUNITY OVER LIMITED OFFICIAL USE

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THE PAST TEN YEARS. ALL MINISTERS FELT THAT IMPROVEMENTS COULD BE AND MUST BE MADE, BUT THERE WAS NO CONSENSUS ON THE SPECIFIC MEASURES. WHICH SHOULD BE TAKEN IN THIS CONTEXT. HOWEVER, THE COMMISSION'S SUGGESTION FOR A TAX ON MILK DELIVERIES IN ORDER TO COPE WITH DAIRY SURPLUSES WAS ALMOST UNANIMOUSLY REJECTED.

5. EACH MINISTER STRESSED DIFFERENT ASPECTS OF THE CAP WHICH HE BELIEVED SUSCEPTIBLE OF IMPROVEMENT. GODBER, THE U.K. MINI-

STER OF AGRICULTURE, STATED THAT THE CAP HAS BECOME TOO COSTLY AND THAT IT REPRESENTS TOO HEAVY A BURDEN ON THE CONSUMER. HE FAVORED A FREEZING OF THE MILK MARKET PRICE RATHER THAN A TAX AS SUGGESTED BY THE COMMISSION. HE ALSO SPOKE IN FAVOR OF LOWERING THE PRICE OF SOFT WHEAT RATHER THAN AN INCREASE IN THE PRICE OF FEED GRAINS IN ORDER TO ESTABLISH A BETTER PRICE RELATIONSHIP FOR GRAINS. GODBER, LIKE THE DANISH MINISTER OF AGRICULTURE FREDERICKSON, CAUTIONED AGAINST HASTE IN ESTABLISHING CAP REGULATIONS FOR PROTEINS, ALLUDING APPARENTLY TO A POSSIBLE CAP FOR SOYBEANS.

6. ERTL, THE GERMAN MINISTER OF AGRICULTURE, EMPHASIZED THE NECESSITY OF ACHIEVING, AS SOON AS POSSIBLE, MONETARY AND ECONOMIC UNION. THIS IS, IN ERTL'S OPINION, THE PRECONDITION FOR ABOLISHING THE MONETARY COMPENSATORY AMOUNTS WHICH THE COMMISSION MEMORANDUM SUGGESTS SHOULD TAKE PLACE IN 1977. CHIRAC, THE FRENCH MINISTER OF AGRICULTURE, WELCOMED IN GENERAL TERMS THE COMMISSION MEMORANDUM. HOWEVER, HE WARNED AGAINST STRESSING TOO MUCH THE NEED FOR REDUCING FEOGA EXPENDITURES. HE MINIMIZED THE IMPORTANCE OF BUTTER SURPLUSES WHICH HE SAID ARE MARGINAL IF COMPARED TO THE "MASSIVE" IMPORTS OF OIL-BEARING MATERIALS. HE ALSO QUESTIONED WHETHER IT IS REASONABLE TO FIX THE CAP SUPPORT PRICES ONLY WITH REFERENCE TO PROFITABLE FARM ENTERPRISES.

7. CLINTON, THE IRISH MINISTER OF AGRICULTURE, DECLARED HIS OPPOSITION TO ANY MEASURES WHICH WOULD FAVOR CONSUMERS AT THE EXPENSE OF PRODUCERS. FINALLY, FARRARI-AGGRADI, THE ITALIAN MINISTER OF AGRICULTURE, EXPRESSED DOUBTS AS TO WHETHER THE OBJECTIVE OF LIMITING FEOGA EXPENDITURES SHOULD BE A GOAL BY ITSELF. HE ALSO STATED THAT THE GRAIN-PRICE RELATIONSHIP SUGGESTED IN THE COMMISSION'S MEMORANDUM WOULD BE UNACCEPTABLE TO ITALY AND EXPRESSED HIMSELF IN PARTICULAR AGAINST AN LIMITED OFFICIAL USE

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INCREASE IN THE SUPPORT PRICE OF CORN.

8. ALL MINISTERS AGREED ON THE DESIRABILITY OF SIMPLIFYING OR REDUCING THE HORRENDOUS NUMBER OF CAP REGULATIONS. THE COMMISSION'S MEMORANDUM WILL BE DISCUSSED BY THE EUROPEAN PARILMENT AND REVIEWED BY THE SPECIAL AGRICULTURE COMMITTEE IN THE LIGHT OF THE VIEWS EXPRESSED BY THE MINISTERS. THE COUNCIL WILL RETURN TO THIS SUBECT AT ITS NEXT MEETING.

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PASS AGRICULTURE

9. CAP FOR ALCOHOL: THE COUNCIL HEARD A PROGRESS REPORT FROM THE CHAIRMAN OF THE SPECIAL AGRICULTURAL COMMITTEE ON THE PORPOSED CAP FOR ALCOHOL. THE COUNCIL WILL CONTINUE TO CONSIDER THIS SUBJECT IN ITS FORTHCOMING MEETINGS AND IT IS NOT EXCLUDED THAT THE COMMISSION WILL SUBMIT A MODIFIED PROPOSAL ON AN ALCOHOL CAP AFTER THE PARLIMENT HAS EXPRESSED ITS OPINION ON THE COMMISSION'S ORINGINAL PROPOSAL (REF B). THE COUNCIL'S INABILITY

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TO AGREE ON THE PROPOSED ALCOHOL CAP MEANS THAT THE DEADLINE

OF DECEMBER 1 FOR IMPLEMENTATION CANNOT BE OVSERVED. FOR ALL PRACTICAL PURPOSES, IT APPEARS THAT ADOPTION OF THE ALCOHOL CAP HAS BEEN INDEFINITELY DEFERRED. THE UK INSISTENCE ON HAVING SUCH A REGULATION BEFORE THE END OF THE YEAR SEEMS TO HAVE WEAKENED --PARTICULARLY IN VIEW OF THE CURRENT HIGH GRAIN PRICES WHICH WOULD NOT JUSTIFY EXPORT SUBSIDIES FOR BRITISH WHISKEY AT THE PRESENT TIME.

10. WINE: THE COUNCIL TOOK NOTE OF A COMMISSION REPORT ON THE DEMAND AND SUPPLY SITUATION IN THE COMNITY'S WINE SECTOR. THE COMMISSION WILL PROBABLY SUBMIT NEW PROPOSALS FOR MODIFYING THE CAP FOR WINE.

11. GUILDER REVALUATION: THE COUNCIL ADOPTED A REGULATIONS AUTHORIZING THE NETHERLANDS TO COMPENSATE DUTCH FARMERS FOR A PERIOD OF SEVEN MONTHS FOR THE INCOME LOSSES INCURRED DUE TO THE REVALUATION OF THE DUTCH GUILDER. THIS AID IS TO BE GRANTED BY MODIFYING THE TVA ON DUTCH AGRICULTURAL PRODUCTS. FEOGA IS TO CONTRIBUTED TO THE FINANCING OF THESE MEASURES BY PAYING AN AMOUNT OF FIVE MILLION UNITS OF ACCOUNT. THE NETHERLANDS WILL ALSO BE AUTHORIZED TO OFFSET ITS LOSSES IN VALUE FOR BUTTER HELD IN STORAGE ON SEPTEMBER 15, 1973. FEOGA WILL CONTRIBUTE 3.5 MILLION UNITS OF ACCOUNT FOR THESE COMPENSATION PAYMENTS.

12. MISCELLANEOUS: THE COUNCIL ALSO ADOPTED A NUMBER OF MISCELLANEOUS DECISIONS SUCH AS A NEW REGULATION MODIFYING THE SYSTEM OF PILOT PRODUCTS AND DIRIVED PRODUCTS FOR PORK, AND A REGULATION CHANGING THE TARIFF CLASSIFICATION FOR CERTAIN FISH PRODUCTS.GREENWALD

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